

# Ebro Foods SA EBRO ★★★<sup>Q</sup> 14 Jun 2019 02:00 UTC

**Last Close**  
14 Jun 2019  
19.46

**Fair Value<sup>Q</sup>**  
14 Jun 2019 02:00 UTC  
18.13

**Market Cap**  
14 Jun 2019  
2,994.2 Mil

**Sector**  
Consumer Defensive

**Industry**  
Packaged Foods

**Country of Domicile**  
ESP Spain

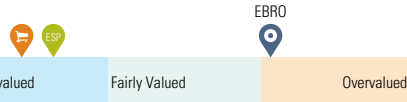
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## Company Profile

Ebro Foods SA is a Spanish international food group operating in the pasta, rice, and sauces segments. The company is present in more than 25 countries in Europe, North America, Asia, and Africa, through its wide network of subsidiaries and brands. The core businesses are rice and pasta, offered in dry, fresh, precooked, and frozen varieties. Aside from pasta and rice, Ebro Food offers ready meals, fresh potato, sauces among others. The largest geographical segment for the rice division is in Europe, followed by North America, Asia, and

## Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	None	60	60	50
Valuation	Overvalued	8	11	14
Quantitative Uncertainty	High	93	91	86
Financial Health	Strong	97	95	90



## Valuation

	Current	5-Yr Avg	Sector Median	Country Median
Price/Quant Fair Value	1.07	1.07	0.84	0.87
Price/Earnings	21.2	17.6	19.6	15.0
Forward P/E	—	—	16.9	12.5
Price/Cash Flow	14.1	14.1	12.6	8.8
Price/Free Cash Flow	41.1	33.4	21.4	15.2
Trailing Dividend Yield %	2.93	3.21	2.28	3.93
Price/Book	1.4	1.5	2.0	1.9
Price/Sales	1.1	1.2	1.1	1.4

## Profitability

	Current	5-Yr Avg	Sector Median	Country Median
Return on Equity %	6.7	8.3	12.1	12.9
Return on Assets %	3.8	4.8	5.8	3.3
Revenue/Employee (K)	438.1	420.3	646.1	240.3

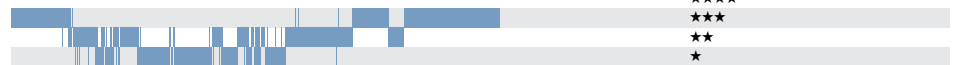
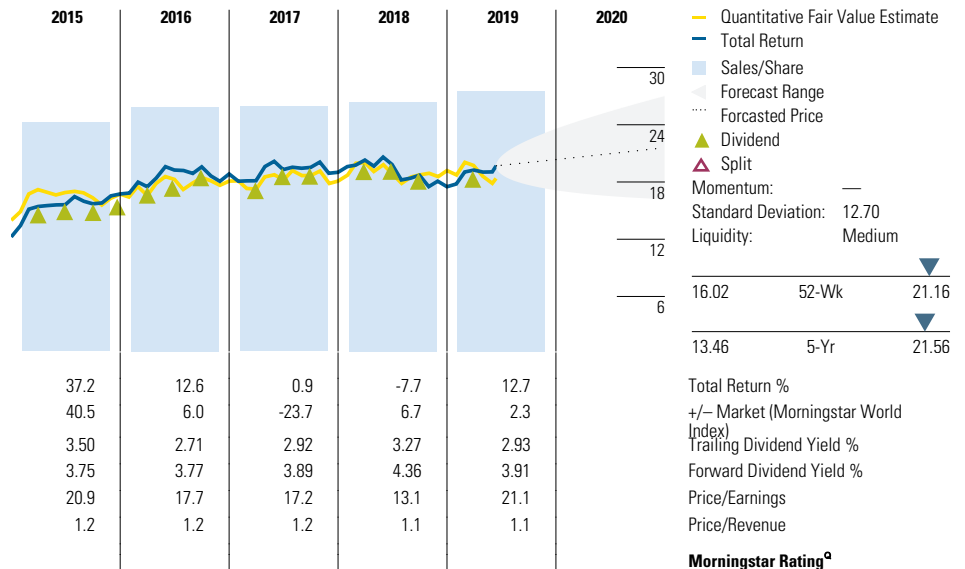
## Financial Health

	Current	5-Yr Avg	Sector Median	Country Median
Distance to Default	0.8	0.7	0.6	0.7
Solvency Score	390.6	—	467.9	556.5
Assets/Equity	1.8	1.7	1.8	2.7
Long-Term Debt/Equity	—	0.2	0.2	0.4

## Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	5.6	2.4	6.2	1.1
Operating Income %	-20.5	-3.3	-0.7	1.4
Earnings %	-35.8	-0.8	0.2	6.8
Dividends %	0.0	3.8	3.5	5.1
Book Value %	4.2	3.2	4.9	6.1
Stock Total Return %	-6.2	2.1	6.4	9.2

## Price vs. Quantitative Fair Value

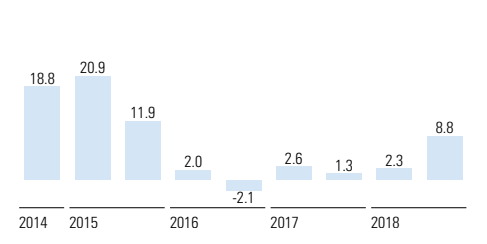


	2014	2015	2016	2017	2018	TTM	Financials (Fiscal Year in Mil)
Revenue	2,121	2,462	2,459	2,507	2,647	2,647	Revenue
% Change	8.4	16.1	-0.1	1.9	5.6	0.0	% Change
Operating Income	230	247	264	281	223	223	Operating Income
% Change	-0.3	7.2	6.8	6.4	-20.5	0.0	% Change
Net Income	146	145	170	221	142	142	Net Income
Operating Cash Flow	—	—	—	—	—	—	Operating Cash Flow
Capital Spending	-67	-81	-108	-121	-139	-139	Capital Spending
Free Cash Flow	144	173	78	76	73	73	Free Cash Flow
% Sales	6.8	7.0	3.2	3.0	2.7	2.7	% Sales
EPS	0.95	0.94	1.10	1.43	0.92	0.92	EPS
% Change	10.0	-0.8	17.2	30.0	-35.8	0.0	% Change
Free Cash Flow/Share	0.78	0.91	1.08	0.72	0.13	0.47	Free Cash Flow/Share
Dividends/Share	0.50	0.51	0.54	0.57	0.57	0.57	Dividends/Share
Book Value/Share	11.04	12.19	12.69	12.98	13.49	14.05	Book Value/Share
Shares Outstanding (K)	153,846	153,865	153,865	153,865	153,865	153,865	Shares Outstanding (K)
Return on Equity %	8.2	7.6	8.4	10.6	6.7	6.7	Profitability
Return on Assets %	4.9	4.4	4.8	6.0	3.8	3.8	Return on Assets %
Net Margin %	6.9	5.9	6.9	8.8	5.4	5.4	Net Margin %
Asset Turnover	0.71	0.75	0.70	0.69	0.71	0.71	Asset Turnover
Financial Leverage	1.7	1.7	1.8	1.8	1.8	1.8	Financial Leverage
Gross Margin %	44.1	44.0	47.3	47.9	45.5	45.5	Gross Margin %
Operating Margin %	10.9	10.0	10.7	11.2	8.4	8.4	Operating Margin %
Long-Term Debt	199	369	407	365	—	—	Long-Term Debt
Total Equity	1,849	1,966	2,079	2,075	2,162	2,162	Total Equity
Fixed Asset Turns	3.8	3.8	3.4	3.4	3.3	3.3	Fixed Asset Turns

## Semi-Annual Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2018	—	1,277.4	—	1,369.2	2,646.5
2017	—	1,248.8	—	1,258.1	2,507.0
2016	—	1,216.8	—	1,242.5	2,459.2
2015	—	1,193.2	—	1,268.7	2,461.9
Earnings Per Share (€)					
2018	—	0.50	—	0.42	0.92
2017	—	0.60	—	0.84	1.43
2016	—	0.57	—	0.53	1.10
2015	—	0.39	—	0.55	0.94

## Revenue Growth Year On Year %



# Quantitative Equity Reports Overview

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Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company's peers as determined by statistical algorithms. Morningstar, Inc. ("Morningstar", "we", "our") calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company's analyst-driven ratings can significantly differ from other companies in its peer group.

i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

**Narrow** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

**Wide** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

**None** – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, and the Quantitative Uncertainty Rating. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

**One-Star** – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1\*Quantitative Uncertainty*

**Two-Star** - the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1\*Quantitative Uncertainty, -0.5\*Quantitative Uncertainty)*

**Three-Star** – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5\*Quantitative Uncertainty, 0.5\*Quantitative Uncertainty)*

**Four-Star** – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5\*Quantitative Uncertainty, 1\*Quantitative*

*Uncertainty)*

**Five-Star** – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1\*Quantitative Uncertainty*

iv. **Quantitative Uncertainty:** Intended to represent Morningstar's level of uncertainty about the accuracy of the Quantitative Fair Value Estimate. Generally, the lower the Quantitative Uncertainty, the narrower the potential range of outcomes for that particular company. The rating is expressed as Low, Medium, High, Very High, and Extreme.

**Low** – the interquartile range for possible fair values is less than 10%

**Medium** – the interquartile range for possible fair values is less than 15% but greater than 10%

**High** – the interquartile range for possible fair values is less than 35% but greater than 15%

**Very High** – the interquartile range for possible fair values is less than 80% but greater than 35%

**Extreme** – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

**Weak** – assigned when Quantitative Financial Health < 0.2

**Moderate** – assigned when Quantitative Financial Health is between 0.2 and 0.7

**Strong** – assigned when Quantitative Financial Health > 0.7

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i. **Last Close** – Price of the stock as of the close of the market of the last trading day before date of the report.

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**Fairly Valued – Last Price** is in line with Morningstar's quantitative fair value estimate.

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